

Overview of Capital Improvement Program Process

The Capital Improvement Program is a multiyear plan for capital expenditures needed to replace, expand and improve infrastructure and major systems. The preliminary Capital Improvement Program was reviewed by the City Council on March 30, 2004. The preliminary program was then adjusted for projects that carried-over from 2003-04 to 2004-05 and for other miscellaneous program modifications before it was submitted to the City Council for adoption in June.

2004-09 Capital Improvement Program

The annual Capital Improvement Program update process began in January when departments submitted their revised 2003-04 estimates and their updated five-year preliminary capital improvement programs. Revised 2003-04 estimates reflect updated construction estimates, project delays, awarded contract amounts, project carry-overs and any other program changes. The updated five-year program includes projects planned for authorized bond funding and the latest estimates for pay-as-you-go projects funded with operating funds, federal funds, impact fees and other funding sources. Budget and Research staff reviewed the departments' revised programs for funding availability, reasonableness and technical accuracy. This program also reflects adopted multiyear plans such as the five-year Arterial Streets Plan, multiyear rate forecasts for the enterprise funds and the voter-approved 2001 Bond Program.

In conjunction with the CIP process each year, the Engineering and Architectural Services Department works with departments to level design and construction bid award dates evenly throughout the fiscal year. By avoiding bidding capital projects during the last quarter of the fiscal year, the city has reduced construction costs and increased project quality by making better use of construction resources. The city has also achieved lower bid prices and increased competition for city projects by avoiding busy periods for the construction industry.

2001 Citizens' Bond Committee Program

Voter-approved bond authorizations are a major funding source for the general government portion of the Capital Improvement Program. In August 2000, a Citizens' Bond Committee was appointed by the City Council to develop a recommended program to take to the voters. Nearly 300 citizen members served on various bond subcommittees. The residents reviewed the city's capacity to service new property tax-supported debt in addition to unmet capital facility needs identified by city departments and the ongoing costs of operating these facilities.

Through the work of ten service-related bond subcommittees, the Citizens' Bond Committee recommended a detailed capital program to the City Council. This \$753.9 million recommended program assumed a relatively level schedule of bond fund programming that would not require an increase in the city's combined property tax rate of \$1.82 per \$100 of assessed valuation. The voters approved the entire \$753.9 million recommended program. Improvements in the following areas are reflected in the 2004-09 Capital Improvement Program.

- Police protection facilities and equipment
- Police, fire and city computer technology
- Environmental improvements and clean-up
- Parks, open space and recreational facilities
- Educational, youth and cultural facilities
- Library facilities
- Fire protection facilities and equipment
- Neighborhood protection and senior centers
- Affordable housing and homeless shelter
- Storm sewers
- Street improvements



It has been the city's practice to require ongoing community oversight of property tax-funded bond programs. The 2001 Citizens' Bond Committee has recommended this practice be continued and that this oversight include an annual review of the Capital Improvement Program, an annual review and update of actual assessed valuation results compared to the forecast and an annual review of any changes to the program. The 2001 Bond Committee met May 6, 2004 to review the bond-funded portion of the 2004-09 Capital Improvement Program. The bond committee recommended approval of current programming for 2001 bonds.

Parks and Preserves Funds

In September 1999, the voters approved a one-tenth of one percent sales tax to purchase state trust lands for the Sonoran Desert Preserve and for the development and improvement of regional and neighborhood parks. The 2004-09 Capital Improvement Program includes \$132.3 million of these funds, which are programmed for five regional parks, community and neighborhood parks and Sonoran Preserve land acquisition. Land acquisition has been programmed to take advantage of state grant funding opportunities.

Transit 2000 Funds

The voters approved Proposition 2000 on March 14, 2000. This initiative authorized a four-tenths of one percent sales tax to implement the Transit 2000 plan. The 2004-09 Capital Improvement Program includes \$409.5 million of these funds, which are programmed for additional buses for expanded regular, express and Dial-a-Ride service (\$33.8 million); new and expanded passenger and maintenance facilities (\$68 million); bus pullouts, left-turn arrows and bicycle lanes (\$16.6 million); rail, bus rapid transit, and other facilities (\$284.9 million) and contingencies (\$6.2 million).

Capital Construction Funds

The Capital Construction fund was established in 1998-99 and provides about \$20 million each year for critical infrastructure improvements in the right-of-way. Community input from a series of public meetings supported using these funds for neighborhood street rehabilitation, sidewalks and wheelchair ramps, traffic safety and traffic calming projects and neighborhood traffic mitigation projects.

Funds will be programmed in these project categories for each year of the Capital Improvement Program. Individual projects will be determined during the first year of the program based on traffic engineering data and neighborhood input.

Programming of Development Impact Fees

In 1987, the City Council adopted an ordinance requiring new development in the city's peripheral planning areas to pay its proportionate share of the costs associated with providing public infrastructure. Development impact fee collections initially progressed slowly because of a slowdown in construction in the late 1980s and early 1990s. However, over time development impact fee collections have become more significant. The 2004-09 Capital Improvement Program includes \$50.7 million in development impact fee-funded projects.

Development impact fees collected for a specific peripheral planning area must be expended for capital infrastructure in that area and are not available for any other use. In addition, development impact fee-funded projects must directly benefit the parties that paid the fees, as described in the area plan. Budget and Research staff have worked with Planning and operating department staff to program development impact fee funds appropriately in the 2004-09 Capital Improvement Program. Additional development impact fees will be programmed in future capital improvement programs as these fees are collected.